

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Gas Company for Authority to Revise its Rates Effective January 1, 2001, in its Biennial Cost Allocation Proceeding.

Application 01-09-024

In the Matter of the Application of San Diego Gas & Electric Company for Authority to Revise its Gas Rates Effective January 1, 2003, in its Biennial Cost Allocation Proceeding.

Application 01-10-005

ADMINISTRATIVE LAW JUDGE'S RULING GRANTING JOINT MOTION OF SOUTHERN CALIFORNIA COMPANY, SAN DIEGO GAS & ELECTRIC COMPANY, AND THE OFFICE OF RATEPAYER ADVOCATES TO DEFER THE BCAP PROCEEDINGS AN ADDITIONAL SIX MONTHS

Summary

This Administrative Law Judge's (ALJ) ruling grants the joint motion of Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and the Office of Ratepayer Advocates (ORA) to defer the Biennial Cost Allocation Proceedings (BCAP) until September 2003. SoCalGas will file its BCAP application by September 3, 2003, and SDG&E will file its BCAP application by September 17, 2003. SoCalGas and SDG&E are directed to file a request to dismiss the current pending BCAP Applications, Application (A.) A.01-09-024 and A.01-10-005. The new BCAP applications will receive new proceeding numbers.

Background

The pending BCAP Applications, A. 01-09-024 and A. 01-10-005, have a sorry history of one deferral after another. In summary, the procedural schedule for the consolidated SoCalGas and SDG&E BCAP applications, filed September 21, 2001, and October 5, 2001, respectively, were continued from early spring, 2002, to summer 2002, and then finally to March 2003. The deferrals were requested by ORA because of staffing constraints. In my April 23, 2002, ruling deferring the proceedings for 12 months I stated:

... the Commission does rely heavily on the analysis and scrutiny that ORA provides in the BCAP proceedings to develop a complete record. If the requested time extension is not granted, and ORA is forced to proceed, it may only be able to provide a cursory analysis, and not the thorough perusal, or the throughput forecasts, cost allocation, and rate design, that the record needs.

I also stated in that same ruling the “No further requests for extensions will be granted.”

Motion to Defer Six Months

SoCalGas, SDG&E, and ORA now request an additional six-month suspension because this “brief delay will allow ORA to better allocate the resources necessary to prosecute ongoing general rate case and cost of service proceedings.” The utilities and ORA argue that the interests of the ratepayers is accommodated by having the cost of service case proceed first, since the BCAP affects, primarily, cost allocation and rate design.

The California Manufacturers & Technology Association (CMTA), The Electric Generator Alliance (EGA), and Southern California Edison Company (Edison) and Southern California Generation Coalition (SCGC) filed responses. EGA supports the request for the deferral on the ground that processing of the

BCAP applications will benefit from the full participation of ORA. CMTA and Edison and SCGC oppose any further delays to the BCAP proceedings and basically find it curious that SoCalGas has joined in the ORA motion for a deferral when the utility opposed ORA's former requests for delay. CMTA and Edison and SCGC opine that SoCalGas only opposed the delay in the BCAP proceedings when it was concerned with the 75/25 ratepayer/shareholder formula for sharing noncore throughput revenue risk that was established in D.00-04-060. SoCalGas wanted 100 percent balancing account protection for its shareholders and was concerned that they would not get this protection if the BCAP was deferred.

Out of consideration for the potential prejudice to SoCalGas when the BCAP was deferred for 12 months, the Commission issued D.02-12-017 on December 5, 2002, granting SoCalGas 100 percent balancing account protection. CMTA and Edison and SCGC argue that since SoCalGas already received what it wanted from the BCAP proceeding it no longer has an incentive to advocate for a timely decision in the BCAP.

However, CMTA and Edison and SCGC do want the BCAP to proceed now and oppose any further delay because it puts off the adjustment of customer rates, and the current rates do not accurately reflect the cost of service. Their customers are potentially prejudiced by any further delay.

Discussion

As reluctant as the Commission is to delay the BCAP again, ORA's participation is still vital to the integrity of the BCAP analysis. The cost of service proceedings, A.02-12-027 and A.02-12-028 are already underway with hearings anticipated for third quarter 2003. It makes sense sequentially for the cost of service proceedings to go first to update the gas and electric revenue

requirements and base rates, followed by the BCAP proceedings to allocate costs and establish rate design. ORA could not effectively participate in both the cost of service and the BCAP proceedings if they were progressing on a simultaneous schedule. Therefore, to delay the BCAP proceedings until September 2003 should accommodate ORA's staffing and resource constraints, allow ORA to first participate in the cost of service proceedings, and then fully participate in the BCAPs.

Dismissal of Pending BCAP Applications

The current BCAP proceedings, A.01-09-024 and A.01-10-005 are over a year old and will not reach the decision stage within 18 months of their initial filing dates of September and October 2001. Therefore, in order to have proceedings at the Commission processed within appropriate time frames, we are directing SoCalGas and SDG&E to file a request for the dismissal of Applications 01-09-024 and 01-10-005. When SoCalGas and SDG&E file their new applications in September 2003, the applications will receive new proceeding numbers.

IT IS RULED that:

1. The current procedural schedule for Applications (A.) 01-09-024 and A.01-10-005, is deferred.
2. Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) are directed to file requests for the dismissal of Applications (A.) 01-09-024 and A.01-10-005.
3. SoCalGas is to file a new Biennial Cost Allocation Proceedings (BCAP) application on September 3, 2003.
4. SDG&E is to file a new BCAP application on September 17, 2003.

Dated February 20, 2003, at San Francisco, California.

/s/ Carol Brown

Carol Brown
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Granting Joint Motion of Southern California Gas Company, San Diego Gas & Electric Company, and the Office of Ratepayer Advocates to Defer the BCAP Proceedings an Additional Six Months on all parties of record in this proceeding or their attorneys of record.

Dated February 20, 2003, at San Francisco, California.

/s/ Antonina V. Swansen
Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, *e.g.*, sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.